

Procedures/Forms for Review and Approval of ECPA and DEPA Carryover Balances (Non-Abbott Districts)

The following are the procedures and forms for review and approval of non-Abbott district requests to use carryover Early Child Program Aid (ECPA) and Demonstrably Effective Program Aid (DEPA) balances and that were not budgeted in the current year district budget.

In accordance with CEIFA (N.J.A.C. 6A:23-5.5(d) and 6A:23-5.4(d)), ECPA and DEPA are dedicated, nonlapsing sources of funds. ECPA and/or DEPA balances which are neither expended nor encumbered by year end are classified as deferred revenue in the financial accounts and statements of the district. Instructions for the calculation of deferred ECPA and DEPA balances were provided in Section II-20 of the annual audit program.

Deferred ECPA and DEPA are added to the revenue of a current year budget in one of three ways:

1. Balances are identified in the prebudget year and incorporated as carryover in the budget certified for taxes;
2. Balances are not identified in the prebudget year, but appropriated during the current year budget with the approval of the Commissioner or his designee; or
3. Balances are retained as deferred revenue until the second subsequent year budget.

The Carryover Funds form must be used by districts to either adjust the anticipated carryover budgeted in the current year (number 1 above) or to request the use of unanticipated carryover in the current year budget (number 2 above). The carryover form is not required for districts that budget the prior year carryover amount in the second subsequent year school district budget (number 3 above).

A district that anticipated carryover balances when preparing its current year budget may be required to amend its approved plans (both budget and program) if the amount anticipated was incorrect. That is, if the amount anticipated as carryover in the current year budget was more than the actual carryover amount at June 30 of the prior year, the plan must be revised to reflect the lower amount. If the actual amount was greater than the anticipated amount, the district/school has the option of revising the current year plan or spending the additional unanticipated carryover amount in its plan for the following year.

There is no requirement to track the carryover funds in separate revenue or expenditure accounts. Once approved, these funds become current year revenue and the calculation of deferred revenue amounts at June 30 will not require delineation as to year of origin.

Completion of the Carryover Forms:

The two-page carryover form is to be used for ECPA and DEPA carryover requests. The carryover form is similar to the transfer request form. Both forms are posted on the DOE website at www.state.nj.us/education.

Since DEPA funds must be used in the schools that generated the aid, the carryover of unexpended and unencumbered DEPA funds must remain at the school that generated the balances. **Please complete a separate form for each DEPA location.**

The form on page 1 includes:

- Area for a brief narrative that addresses the following questions:
 1. What is the rationale for the accumulated ECPA or DEPA balances?
 2. Did the district or school accomplish the goals and objectives identified in the ECPA or DEPA operational plan? If not, does the district or school intend to use the remaining funds to complete these goals and objectives?
 3. Does the district or school intend to use the funds for a new purpose? If yes, provide a rationale to document the need for the use of these funds.
- Lines for district and DOE signatures and dates and a line for the board resolution date.

Use page 2 to detail the accounts impacted by the carryover request. The form on page 2 includes:

- A line for the carryover amount being budgeted and separate lines for each affected account.
- Column 1 to record the appropriation amount before carryover. If the carryover request is establishing a new program previously unfunded in the district budget for that location, leave column 1 blank.
- Column 2 to record the carryover amount for each specific budget line. The total of column 2 should equal the carryover amount listed at the top of the form. If the carryover request is amending an estimated carryover amount that was included in the original approved budget, enter only the amount of the change. In this case, the total of the column should be the difference between the actual carryover by location shown in the CAFR and the estimated amount included in the original approved budget, which may be negative.

In addition to the carryover form, the Statement of Early Childhood Program Aid or Statement of Demonstrably Effective Program Aid, as applicable, included in the CAFR must be submitted with the carryover request to verify the available amount. If the annual audit has not been completed before the carryover request, any approved carryover is subject to verification upon receipt of the annual audit.

Districts must also submit a copy of the board resolution approving the use of the carryover funds and copies of the addendum with revisions to the original ECPA or DEPA operational plans indicating “Revised” and the dates the revisions were made. Please note that districts should not make changes to or retransmit supporting documentation items 15 or 16 over the DOENET.

Submission of Carryover Request

Submit all carryover requests to the county superintendent who will be responsible for review and approval. The district will be notified if additional information is needed prior to approval, which will be made by letter.

Please direct all questions to the appropriate county office.